
NEWS

DMB defaults on \$47.5 million loan

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Two Arizona newspapers reported that an affiliate of DMB Associates, partners in Cargill's proposed 12,000-home development on the Redwood City salt ponds east of Highway 101, defaulted on a \$47.5 million loan in its home state.

Now a critic of the project is using that as fodder to question whether the developer can handle the massive salt ponds project and its financing. But a representative for the project said DMB never defaulted on the loan and restructured it instead.

Facts in dispute

Both the Phoenix Business Journal and the Arizona Republic reported in August that DMB Market Street LLC, an affiliate of DMB Associates, defaulted on the loan used to buy a 300,000-square-foot shopping plaza in Scottsdale known as Market Street at DC Ranch. Scottsdale is also the headquarters for DMB Associates. But the developer said it hasn't defaulted.

"No default. No foreclosure. It was

a year period of restructuring the loan that was agreed to last year. DMB Commerical is successfully managing the project, the shopping center," said Pete Hillan, spokesman.

Julie Abraham, of Redwood City, said she originally had an open mind about the housing project. However, the more she researched Cargill and its partner, DMB, the more doubt she had, said Abraham.

"It kind of gives you pause and what impact that might have on (the salt ponds) project, which is going to be a longer, more profound project and their ability to see the project through," said Abraham.

Deeper review urged

Abraham said the city should take the opportunity in the environmental review process to also take a look at the financial stability and history of both partners.

Representatives of Bank of America, which represents the mortgage holders, said last Tuesday they needed time to research the alleged default, but never got back to the Post.